

June 28, 2001

Mr. Thomas Scully, Administrator
Centers for Medicare and Medicaid Services
200 Independence Ave., S.W.
Room 314-G
Washington DC 20201

Re: Project No. 21W-00004/5 Minnesota's S-CHIP Waiver

Dear Mr. Scully:

I received your letter, dated June 13, 2001, which grants approval for part of Minnesota's S-CHIP 1115 waiver application. I am pleased to accept the terms and conditions expressed in your letter, which I understand are effective on June 13, 2001.

Because of the press release issued by Secretary Thompson's office on June 13, I would like to clarify one point. The press release stated that "effective July 2002, the state will eliminate premiums for SCHIP children in families with incomes up to 185 percent of the FPL." That statement does not accurately reflect the written terms and conditions, nor our understanding of the agreement. The written terms and conditions provide:

"In recognition of the enhanced Federal matching payments made available under this demonstration, we understand that the State intends to pursue revision of the PMAP+ program, to eliminate premiums for children under age 19..."

Clearly, that language does not require the State to achieve that result. During negotiations, the CMS negotiation team made it very clear that the waiver would remain in effect without regard to changes in the premium schedule. That said, we have worked very closely with the Minnesota Legislature in the hopes of using the new federal revenue to support Governor Ventura's agenda to expand coverage for children, and we expect the Legislature to make its final decision in the next day or two. However, I wanted to make very clear that this acceptance letter should not be interpreted as a commitment to altering the premium schedule in the existing program.

Mr. Thomas Scully

Page 2

6/28/01

Please extend our thanks to all of your staff who worked on this waiver. We are pleased to have made progress, and look forward to finishing negotiations on the remaining waiver proposals.

Sincerely,

Mary B. Kennedy, Medicaid Director
Assistant Commissioner, Health Care

cc: Dennis Smith, Director, CMSO
Regina Fletcher, Project Officer, CMSO
Cheryl Harris, Region V
Doris Ross, Region V